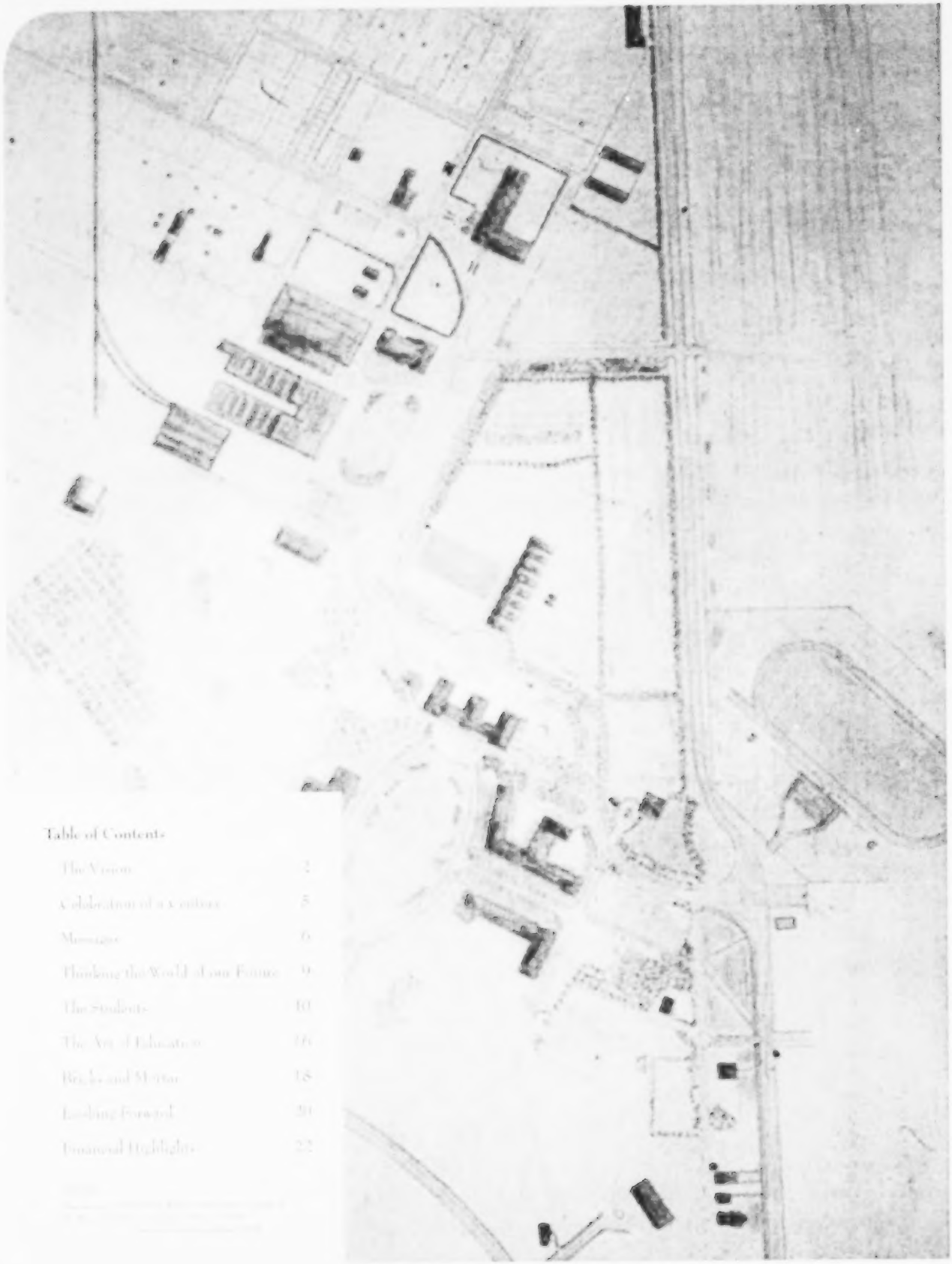
University of Saskatchewan

100 YEARS *Engage · Enlighten · Explore*

2006/2007 Annual Report



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"As we celebrate our successes with pride and anticipate our future with excitement, the University of Saskatchewan is ready to expand on the original vision of our founders. Having built a world class institution on the banks of a prairie river, our mission now is to engage fully in all we do, to enlighten all we serve, and to explore all aspects of our world."

President Peter MacKinnon, on the occasion of the
University of Saskatchewan's 100th anniversary,
April 3, 2007.

The Vision

The founders of the University of Saskatchewan stood on the edge of the flat prairie 100 years ago and declared that one day, on that very spot, would stand a world class institution of higher learning.

It was a declaration that took courage, considering the city of Saskatoon, located just across the river, was only a year old and the province itself was also in its infancy. Off to the east, as far as the eye could see, rolled out miles of prairie marked only by the rutted track of an old Métis trail snaking toward Batoche. There were no buildings. There were no students. There were no faculty members. There was only a vision.

With wisdom and foresight, our founders laid the footings for a university that would grow as the city and province grew, their destinies inextricably linked. And the challenges came quickly, from selecting an architectural style that would leave an indelible mark on the Saskatoon skyline, to convincing the provincial government to almost double its original appropriation for construction of the first five buildings.

As the physical university began to rise from the land, five newly hired faculty members taught the first group of 70 Agriculture and Arts and Science students in rented space in downtown Saskatoon. By 1917, academic offerings had expanded to include Engineering, Law, Pharmacy, Household Science and Accounting. Today, the U of S has 13 colleges and one school that offer 58 degrees, diplomas and certificates in over 100 areas of study.

Through the war years and the Great Depression, and through times of great advancement, achievement and prosperity, the University of Saskatchewan forged ahead, proudly building the reputation envisioned by its earliest proponents – an outstanding institution that meets the varied needs of the communities it serves.

The growth of the University has both mirrored and driven the economy of its home city and the province from which it takes its name. With a faculty and staff complement of over 7,000 people, the U of S is a significant employer in the province. Spinoff companies set up to commercialize ideas and discoveries made at the University anchor Innovation Place on the north end of campus, a highly successful research and technology park.

At an event held April 3, 2007 to officially mark the University's centenary, President Peter MacKinnon spoke about the founders of the institution, in particular a pair he referred to as "the two Walters" – Walter Scott, the province's first premier, and Walter Murray, the University's first president. MacKinnon said their goal was to build an institution connected to the public and cultural life of the community, and an institution with the highest standards. If they were to visit the campus today, the current president speculated Scott and Murray's collective response would be, "well done."

The students, staff, faculty and administration of the University of Saskatchewan have inherited the original vision of the two Walters and others, and have been charged with carrying it forward into the next century. Inspired by the past, the University set its course for the future by stating clearly the characteristics that will define the institution in the coming years – international standards, academic pre-eminence and a sense of place.

"Next to the Legislature of the province itself, this seat of higher learning is the most important institution that Saskatchewan will ever possess – and I am by no means sure that a state University which fulfills its function is second in importance to the Legislature of that state."

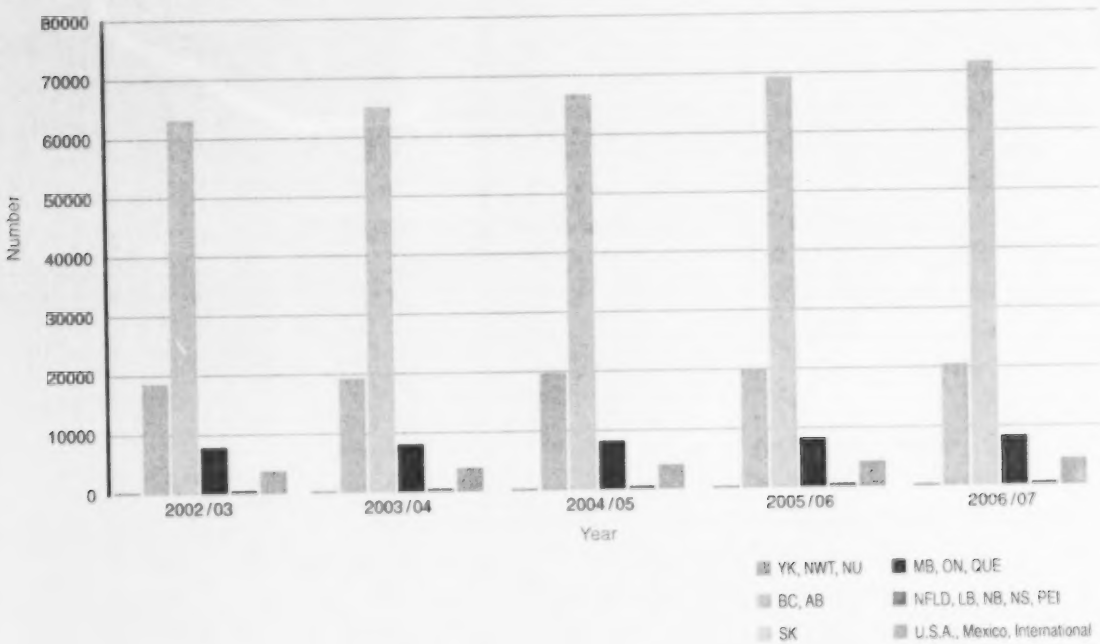
The Hon. Walter Scott, Premier of Saskatchewan, at the opening of the College Building May 1, 1913.

To that has been added an ambitious list of strategic initiatives defined in the first Integrated Plan, approved in 2004. Those initiatives, all designed to renew the dream and build for the future, have reshaped how the University does business, refocused efforts on teaching, learning and the student experience, and revitalized the University community's commitment to success in all we do.

As we look toward our second century, a new Integrated Plan is beginning to take shape. From it will flow more initiatives that will reinforce the strategic direction of the University by enhancing areas like enrolment management, research, Aboriginal programming, faculty recruitment and sustainability.

The way forward is clear. The roadmap is emerging. The future is bright indeed.

Geographic Distribution of Alumni
(Excludes alumni of unknown location)



Celebration of a Century

It was April 3, 1907 when the University of Saskatchewan Act received royal assent. A century later, the University is celebrating its people, its growth and its accomplishments with a year-long series of special centennial initiatives.

The University's official centennial tagline, 100 Years – Engage Enlighten Explore, was developed to capture the celebration and convey our unfailing commitment to teaching, research and community outreach. That commitment was further marked by the announcement that part of the undesignated funds from the Thinking the World of our Future capital campaign would be used to create three Centennial Chairs. These positions will lead the development of interdisciplinary teaching and research in the areas of public policy, public health and environment.

An enduring symbol of the celebration year is Lilium University of Saskatchewan. Donna Hay, a part-time lily breeder and research technician in the Plant Science Department, bred the hardy, up-facing Asiatic lily and in 2002, presented the University with two of the unique white, green and yellow lily bulbs. Since then, the College of Agriculture and Bioresources has worked hard to propagate the lily. Those efforts paid off in the spring of 2007 when hundreds of U of S lilies were sold and planted.

Convocation Hall was the site of the January 12 campus launch to a year of centennial celebrations. The event, attended by employees, students and community leaders, featured the first-ever joint performance of the University of Saskatchewan Amati Quartet in Residence and the Greystone Singers, a special cheer by the Huskie cheer team, as well as a number of speeches.

April 3, 2007, the University's official birthday, was marked with a ceremony in the atrium of the Agriculture Building. An Aboriginal prayer and remarks by dignitaries preceded the unveiling of Canada Post's University of Saskatchewan stamp, issued to commemorate the University's 100-year history.

Following the official centennial launch event, over 10,000 pieces of birthday cake were served to students, faculty and staff at some 19 locations around the University and at regional colleges across the province. Elsewhere on campus, retired faculty and staff gathered for a social, the new campus branch of the U of S Alumni Association was launched, and a special celebration of teaching and learning took place in Convocation Hall.

Many University and college sponsored activities have adopted a centennial flavour by using the lily imagery, by actively celebrating the University's impressive history, and by promoting the imperative to engage, enlighten and explore.

Message from the Chancellor

One hundred years of students passing through these hallowed halls has left an indelible mark on this institution. The slate treads on the stairs in the College Building show the unmistakable wear patterns of young feet going up to class, and back down again. Thorvaldson 271 – the Airplane Room – is a testament to all the students who, besides learning Chemistry, learned how to get a paper airplane to stick in the ceiling tiles there. And we still partake in activities – the rivalry between Engineering and Agriculture comes to mind – steeped in history, and fun.

As part of the celebration this centennial year, the University of Saskatchewan proudly pays tribute to its students and their significant contribution in creating this world-class post-secondary institution. Over 122,000 graduates, after having spent their formative years at the U of S, have gone on to accomplish great things in their jobs, their communities, even their country and the world.

Best of all, many of our alumni remain closely connected to the University of Saskatchewan. Whether as a season ticket holder to Huskies football or as a significant donor to a particular project on campus, our alumni bring additional value to the teaching, research and service work of the institution. This centennial year, as well as the ongoing success of our Thinking the World of our Future capital campaign, has reminded us of the importance of continuing to develop mutually beneficial partnerships with all of our stakeholders, including alumni, the people who can tell our story from a very unique and, we hope, fond perspective.

As I near the end of my second term as Chancellor, I think back proudly on my association with this institution as a student, as an alumnus and as the representative of alumni at the highest level of University administration, and I leave you with fond memories and my best wishes.

Tom Molloy, Chancellor

Message from the Chair, Board of Governors

Preparing for centennial celebrations creates an opportunity to stop and reflect, to think about where we began and how far we have come as a University. Of course we couldn't stop for long because an organization as dynamic as the University of Saskatchewan, an institution with so much growth potential, waits for no one. I believe the number and scope of projects undertaken during the last term may be unprecedented in the history of the University of Saskatchewan.

The period covered by this document also marks the completion of our first Integrated Planning cycle. I am pleased to report that we met our financial goals, eliminated our structural deficit, returned capital reserves to an appropriate level and began to address a series of identified needs of the University.

As Chair of the Board of Governors, I am especially proud that the University of Saskatchewan was successful in implementing an Integrated Planning budget framework that facilitated setting specific and concrete goals, and laying out the steps to achieve them. Our progress has attracted a lot of attention and I am confident that further refinement will result in an Integrated Planning approach that is the model for the entire Canadian post-secondary sector.

I am very proud of the accomplishments made by the University and I look to the future with anticipation. Celebrating 100 years of successes inspires me to dream of the great achievements that are certain to occur over the next century.

A E Dumont

Art Dumont, Chair

Message from the President

It is extremely gratifying that over the past year, which marked the start of our centennial celebrations, the momentum we have built here at the University of Saskatchewan has continued. Driven by an internal commitment to the direction of the institution, we are attracting increasing interest from potential students, potential faculty and the post-secondary sector as a whole. In the words of our founding president, Walter Murray, we are firmly establishing an "honoured place among the best."

In 2006-07, we celebrate the vision of our founders, including Dr. Murray, and the Honourable Walter Scott, the province's first premier. The courage of their conviction – that they could build a world class institution on the Saskatchewan prairie – is still felt today in very significant and exciting initiatives. The International Vaccine Centre, the Academic Health Sciences project, expansion of our veterinary college, establishment of the new University Learning Centre – the scope and potential impact of these and other projects today echoes the hope and optimism felt at the sod-turning ceremony for this University's first building.

Our efforts to build on a 100-year-old vision continue to be supported generously through the Thinking the World of our Future campaign. Those donations buoy us, and confirm that we, collectively, have chosen the right path to the future.

The University of Saskatchewan is ready to expand on the original vision of our founders. Along with generations before us, we have created the university of their dreams on the banks of a prairie river. Our mission now is to build on the vision, and carry it into a new era.

Peter MacKinnon, President

Thinking the World of our Future

On a bitterly cold November 2006 day, some 12,500 fans crowded into Griffiths Stadium in PotashCorp Park to watch the U of S Huskies battle the Laval Rouge et Or in the first ever Canadian Interuniversity Sports Vanier Cup football championship played outside Ontario. To make it happen, a major renovation to the stadium was carried out, including the addition of an artificial playing field, new stands, lights, washrooms, an upgrade to the media box and a new Huskies clubhouse. The stadium has indeed been returned to its former glory as a centre for sporting excellence at the University, community and national levels.

Like those who so generously supported the renovation of Griffiths Stadium in PotashCorp Park, donors to the University of Saskatchewan's Thinking the World of our Future capital campaign are making a world of difference.

The University of Saskatchewan's $100 million capital campaign, its most ambitious fundraising effort to date, surpassed its original goal in May 2006. The final tally, when the campaign wraps up in late 2007, will speak volumes to the commitment of alumni and partners from across Saskatchewan, throughout Canada and around the world to the life and work of the U of S.

Among the campaign's general themes, research continues to attract about 30 per cent of all donations but scholarships and bursaries garner significant support as well. Other areas that have attracted significant donor interest include program enhancements, enriching the student experience, capital projects and libraries and collections.

Vanier Cup 2006 – Staff Photo

The Students

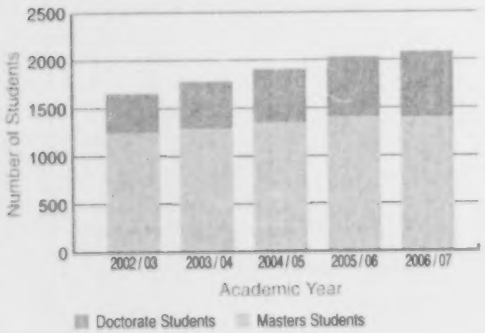
The best measure of the evolution of an educational institution may well be its student body. The University of Saskatchewan's first graduating class – the class of 1912 – numbered eight students. By the time Walter Murray, the University's first president, retired in 1937, enrolment was 1,818, and 377 of those students took part in Convocation. Today, about 19,400 students from around the globe entrust their post-secondary education to the University of Saskatchewan, which confers almost 4,000 degrees, diplomas and certificates annually in over 100 areas of study.

For the better part of its first century, the University of Saskatchewan relied heavily on Saskatchewan high schools for its undergraduates, but times are changing. In the highly competitive university market, and in light of changing provincial demographics, the U of S has reassessed its recruitment strategies to ensure the best and brightest continue to populate the campus. That means focusing on the whole student experience, from application to convocation.

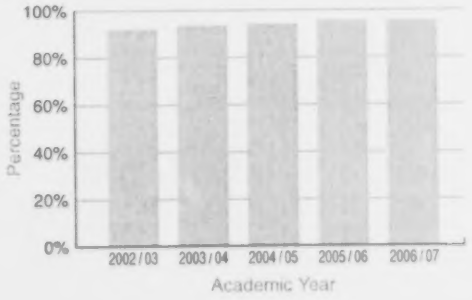
There has been a major reinvestment in international recruiting at the U of S. With an enrolment plan that calls for international students to make up eight per cent of the student body by 2010, the U of S is actively recruiting in six targeted areas – China; South America and Mexico; Scandinavia and western Europe; Africa; the Middle East; and southeast Asia. And recruiting has multiple benefits: while the international students benefit from a high quality education, they are also valuable contributors to the unique multicultural flavour of campus.

Among the most visible changes has been the introduction of PAWS (Personalized Access to Web Services), a portal offering students a wide range of online resources including registration. And, the consolidation

Doctorate and Masters Students in Regular Session
(Full-Time and Part-Time)



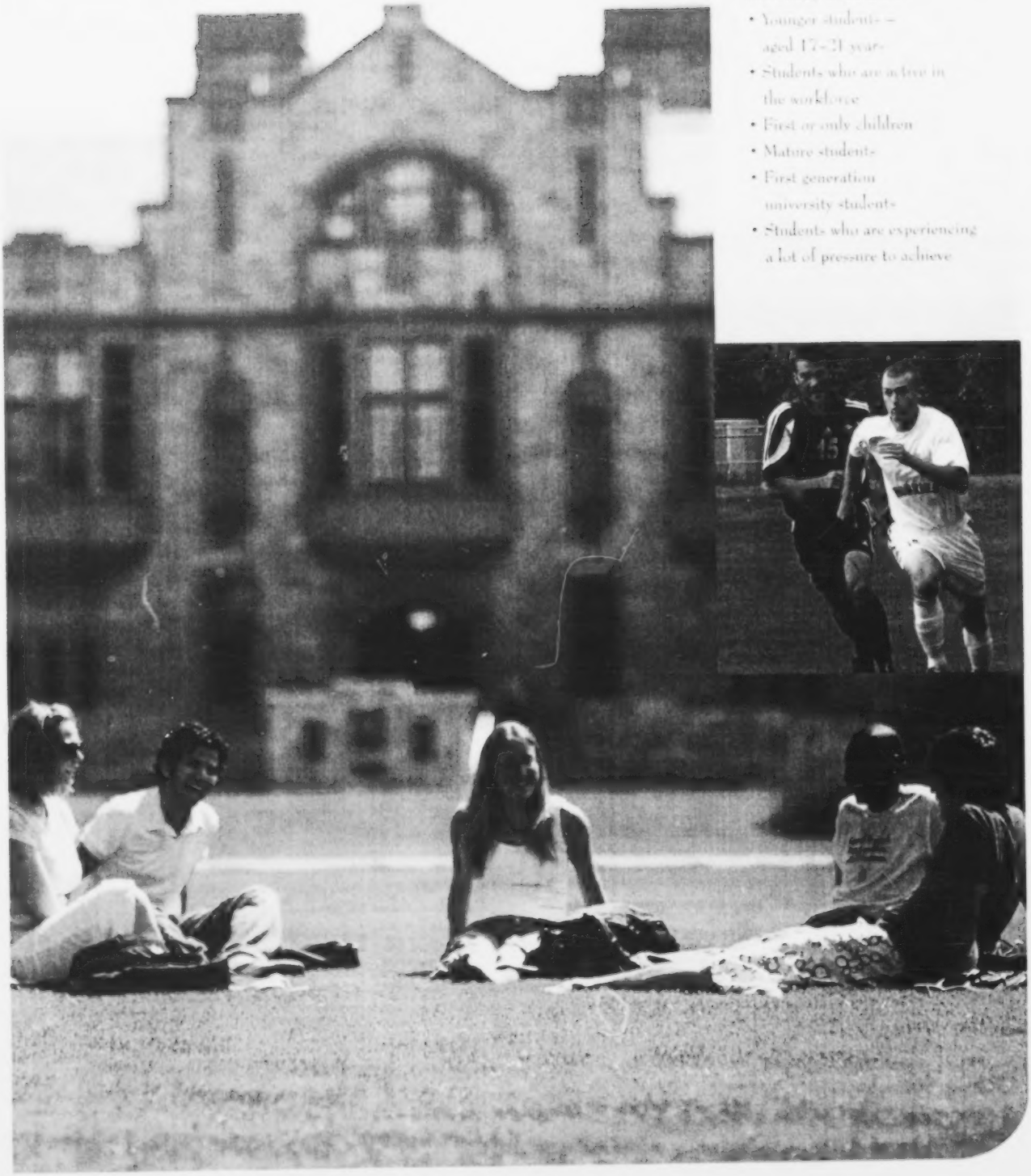
Percentage of Full-Time, First Entry, Direct Entry Undergraduate Students with Admission Average 75% or Greater.



The Modern Student

University students have changed. Today, a diverse student body is more likely to include:

- Younger students – aged 17–21 years
- Students who are active in the workforce
- First or only children
- Mature students
- First generation university students
- Students who are experiencing a lot of pressure to achieve



of Student and Enrolment Services Division operations to create Student Central means the University now provides a one-stop centre that offers a friendly face and helpful advice. In September 2006, some 9,700 students visited Student Central with a wide range of questions and queries.

Responsibility for the student experience does not stop when class ends. The U of S is well aware of the cost of post-secondary education and has continued to increase the amount of support available to students through scholarships, bursaries and prizes. It also recognizes that the availability of student housing goes hand in hand with recruitment. In 2006, discussion and consultation began on a development that would combine the kinds of commercial services students want with the convenient, affordable housing they need.

Enrolment by College (Full-time and Part-time Regular Session Students)

COLLEGE	2002 / 03	2003 / 04	2004 / 05	2005 / 06	2006 / 07
Agriculture	567	515	560	544	569
Arts & Science	7,341	7,772	7,701	7,677	7,679
Commerce	1,597	1,564	1,536	1,704	1,724
Dentistry	126	107	107	112	111
Education	1,146	1,175	1,120	1,201	1,193
Engineering	1,395	1,395	1,392	1,470	1,473
Kinesiology (previously Physical Education)	465	484	499	482	457
Law	317	325	322	316	333
Medicine	226	225	237	241	244
Nursing	794	785	757	752	918
Pharmacy & Nutrition	416	417	433	444	453
Physical Therapy	90	91	88	87	61
Veterinary Medicine	282	280	283	282	281
Unclassified Students	2,039	1,858	1,880	1,308	975
UNDERGRADUATE COLLEGE TOTAL	16,801	16,993	16,915	16,620	16,471
Graduate Studies & Research	1,744	1,848	1,969	2,089	2,145
Post Grad Clinical	221	231	221	240	257
Certificate/Diploma	725	653	658	585	533
TOTAL	19,491	19,725	19,763	19,534	19,406

Source: www.usask.ca/ia/statistics and Fall Enrolment Report, October Census Data

U of S Student Head Counts (Regular Session)

	2002 / 03	2003 / 04	2004 / 05	2005 / 06	2006 / 07
Full-time	15,368	15,698	15,707	15,646	15,332
Part-time	4,101	4,024	4,056	3,871	4,052
Maintenance of Status	2	2	-	13	21
Unknown	-	-	-	-	1
TOTAL	19,471	19,724	19,763	19,530	19,406

Source: University of Saskatchewan, Student Information System

U of S Space Design Team

The U of S Space Design Team (USST), mostly Engineering undergrads, has distinguished itself in an unlikely way – by building and operating the best performing space elevator prototype in NASA's Centennial Challenge Elevator: 2010 competition. Traveling up a ribbon of steel under its own power, the USST elevator, called a climber, scored a decisive victory over 11 other teams in the 2006 competition but was just .04 m/second too slow to meet the winning requirement. It was fast enough, though, to attract the attention of everyone there and the world media. The USST competed for a $500,000 first prize in 2007.

The Art of Education

College of Agriculture horse pull at Indoor, c.1916-1920. University Archives photo A-2220

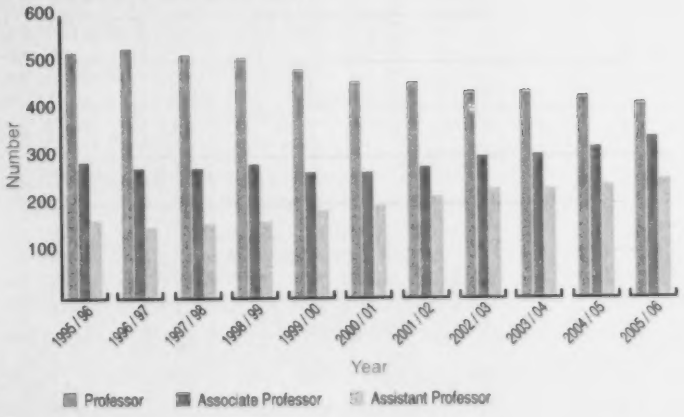
Teaching and learning happens at all levels of the institution, not just in the classroom. To explore best practices, generate new ideas and celebrate our successes, the University held an extensive series of workshops, meetings and events in the fall of 2006 that shone the spotlight on teaching and learning. Called the Provost's Series on Teaching and Learning, this initiative served not only to spark discussion but also to feed the development of the Foundational Document on Teaching and Learning.

Key to the success of teaching and learning is the new University Learning Centre (ULC) officially launched in January 2007. It has a multi-faceted vision: to provide specific programs and services to support both learners and teachers; to promote and share methods for teaching and learning; to conduct research and develop activities related to teaching and learning; and to use emerging methods to help ensure learner and teacher success.

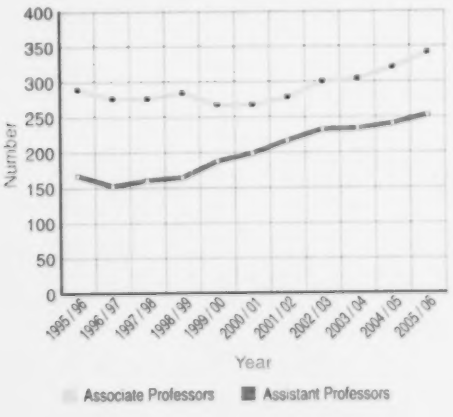
Located in renovated space in the Main Library, the ULC brings together in one location a number of services previously spread across campus, including the Gwenna Moss Centre for Teaching Effectiveness, the Math Help Desk and the University Writing Centre.

Early in his tenure as the University's first president, Walter Murray said part of the institution's mandate was to serve "the many-sided life of the community," a phrase the current president, Peter MacKinnon, used in his own installation address. To do that, the University has reached beyond the boundaries of campus, first through the Extension Division and now through the Centre for Continuing and Distance Education (CCDE).

Full-Time Professorial Ranks



Trends in Full-Time Associate and Assistant Professorial Ranks



Solution Provider

Early agriculture students received a very practical education. Their classes covered cropping and animal management, weed identification, seed quality and machinery maintenance. As the years went on, the collective body of agricultural knowledge grew, and the U of S kept pace, adopting a more holistic approach to training farm managers of the future.

Now, with its focus squarely on research and innovation in a discipline that is "more than just farming," the college continues to respond to the changing needs of students and the industry it serves. In 2006, its name was officially changed to the College of Agriculture and Bioresources, a reflection of its role as a solution provider and a key player in the responsible, sustainable management of renewable resources.

When fully established, the CCDE will oversee continuing and life-long learning courses and programs, delivery of degree-credit courses offered through a variety of means such as distance, televised, online and correspondence, the Professional Development and Community Education unit as well as the Language Centre. The retooling of its outreach and engagement model is just one more example of the University of Saskatchewan's commitment to carrying on the legacy of its founders.

Canada Research Chairs

If the number of Canada Research Chairs (CRC) allocated to a university is an indication of its research intensiveness, the University of Saskatchewan has made significant gains.

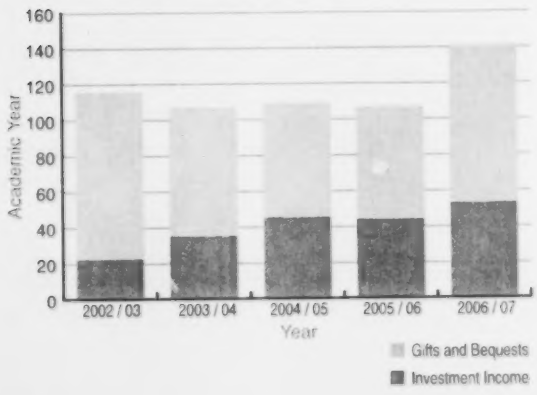
In 2006, the U of S was awarded six additional CRC positions, bringing its total to 40. The allocation of the chairs, worth $5.7 million, is directly linked to the amount of funding received from the Tri-Councils – the Natural Sciences and Engineering Research Council (NSERC), the Canadian Institutes of Health Research (CIHR) and the Social Sciences and Humanities Research Council (SSHRC).

The process of filling Canada Research Chairs is a long one, sometimes as long as three years. For Vice-President Research Steven Franklin, the challenge is allocating the chairs to areas where they can deliver the most benefit. As of March 30, 2007, there were 27 working CRCs at the U of S in fields of study that run the gamut, from Dean Chapman in X-ray Imaging, to Evelyn Peters in Identity and Diversity: The Aboriginal Experience, to Qiaoqin Yang in Nanoengineering Coating Technologies.

3M Teaching Fellow

Ernie Walker says having an active research program is critical to being a good teacher. And he should know. The archeology professor's ability to balance teaching, research, community outreach and work as a special constable for the RCMP has earned him a National 3M Teaching Fellowship.

Tri-Council and Total Research Revenue



Aboriginal Education Research Centre

Over the past 80 years, the College of Education has established a reputation for leadership and innovation in education. That reputation continues to grow with the addition of the new Aboriginal Education Research Centre (AERC).

Building on the work already done across campus, the centre will study the needs of Aboriginal students, examine successful pedagogy and practices, and research innovative teaching methods in order to shape the future policy and direction of provincial and band schools. Through supportive partnerships with Aboriginal communities, elders and organizations, the work of the AERC will result in more effective learning environments for students across Canada.

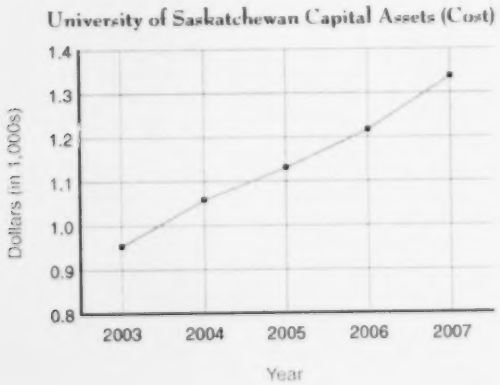
Bricks and Mortar

It was James Wilson, a local businessman, who first suggested the new University of Saskatchewan use fieldstone as its primary building material. Found in abundance north of the Saskatoon townsite, the dolomitized limestone, also called greystone, was formed some 465 million years ago at the bottom of a tropical sea. In the last ice age, glaciers scoured the surface of the limestone deposits, leaving chunks of the stone scattered as glacial till around the city. Those pieces, some as big as houses, were used in the first University buildings.

Those first buildings – the College Building, Engineering Building, Saskatchewan Hall, the Livestock Pavilion and the Stone Barn – were the cornerstones of an elaborate campus plan drawn up by Brown and Vallance, the Montreal architectural firm charged with converting the dream of a university into reality. By the end of Walter Murray's term as president, the campus was dotted with 27 structures. Today, there are 179.

The number of capital projects underway on campus testifies to a time of advancement and renewal at the University of Saskatchewan. At the College of Law, sustainability is key to the addition and renovation project that will create much needed student and faculty space. The building is expected to be 55 per cent more energy efficient than a conventional structure, marking a new phase in the way the University builds.

In early 2007, the final pieces of the International Vaccine Centre (InterVac) puzzle fell into place when both the federal and provincial governments announced major contributions to the $110.3 million Level 3 biosafety facility. Designed to address issues around emerging diseases, the project



is huge, complex and will take years to complete. When it is complete, InterVac will allow the University of Saskatchewan to play a critical role in ensuring the long-term health of both humans and animals in Canada.

Nearby, work will soon be complete on the expansion and renovation of the Western College of Veterinary Medicine (WCVM). The improvements, including upgrades to facilities for teaching, research, diagnostic and clinical purposes, will ensure the college continues to meet national and international accreditation standards.

Accommodating the work of two Canada Research Chairs – Dr. Monique Dubé and Dr. John Giesy – provided the impetus behind the expansion of aquatic toxicology facilities in the University's Toxicology Centre. The building was retrofitted for aquatic culture and exposure labs, water treatment equipment and new office and workspace for staff and graduate students. An addition to what was originally the Saskatchewan Research Council Pilot Plant made room for an instrument lab, wet chemistry lab and biochemistry/molecular toxicology lab.

And at the Canadian Light Source, construction of the new BioMedical Imaging and Therapy (BMIT) facility continues on schedule. A tool that uses synchrotron light, the beamline will be used to investigate early state and hard-to-detect cancers as well as injuries and diseases that affect soft tissues in humans and animals, arthritis being one example. Construction of the $17 million facility began in September 2006 and when completed in early 2008, will be the first of its kind in North America.

Academic Health Sciences Project

The U of S Academic Health Sciences project will enable unique academic, clinical and scientific collaborations. Disciplines will include medicine, veterinary medicine, kinesiology, nursing, dentistry, pharmacy and nutrition, physical therapy and public health. This shared vision between the U of S and the Government of Saskatchewan is being constructed with a view to developing a vibrant, modern, patient-centred health care system.

Photo credit: Friggstad Downing Henry Architects and Flad & Associates

Looking Forward

Early research included this McLaughlin Motor Car powered by steam gas, c. 1917.
- University Archives photo No.2938

As the 2006-07 year drew to a close, the University also neared completion of its first Integrated Planning cycle. By bringing together the goals and initiatives of every college and unit on campus, the Integrated Plan focuses our considerable efforts on ensuring the founding vision of this institution flourishes.

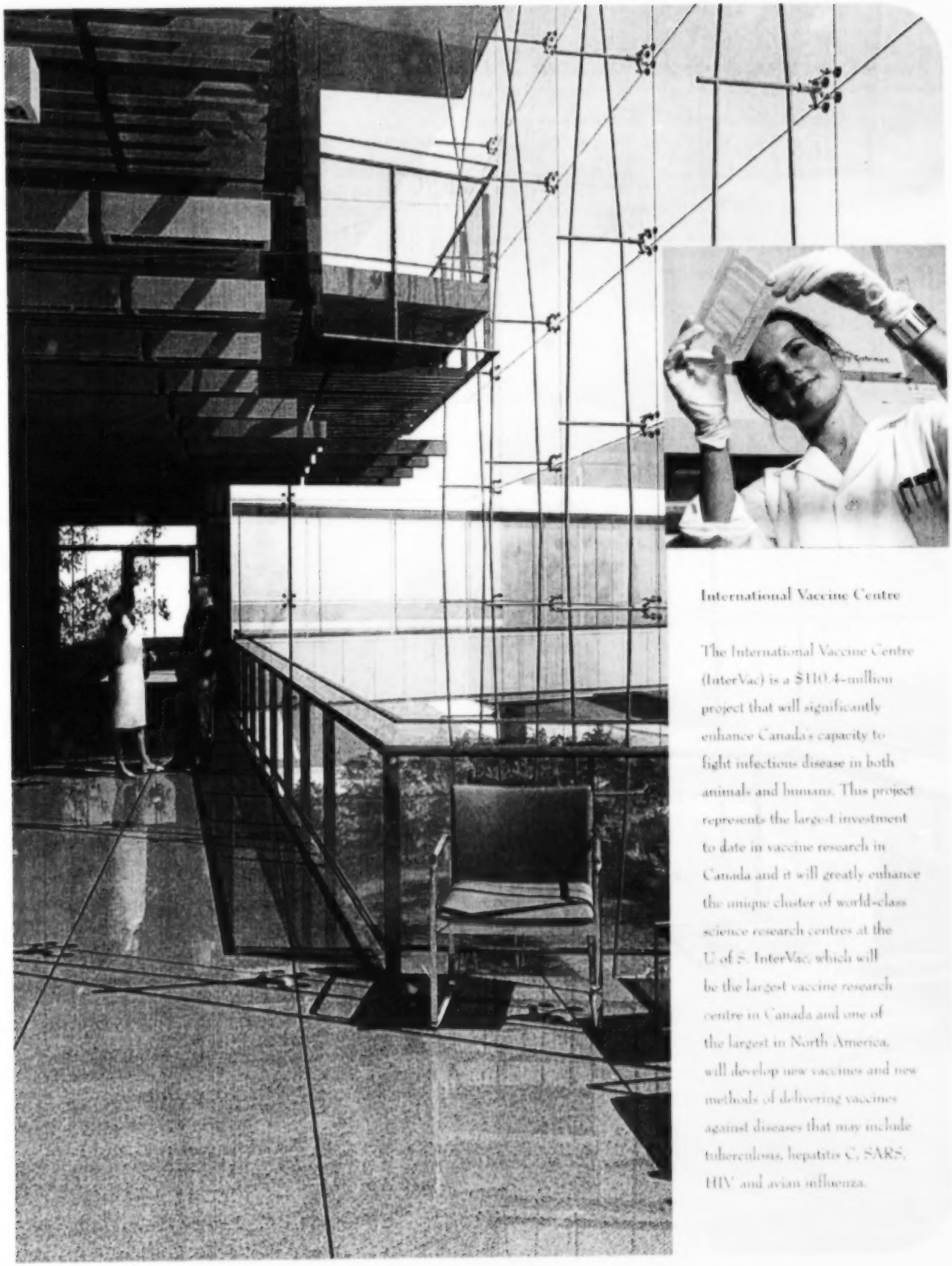
Combined with a multi-year operating budget framework, the Integrated Plan clearly identifies priorities, goals and strategic initiatives, all grouped into general themes – supporting success, changing practices, measuring our progress and enhancing the physical environment, to name a few. Many initiatives first identified in the original Integrated Plan have come to fruition and are noted in this annual report; others continue to develop. None have fallen by the wayside.

One advantage of having such a concise, campus-wide plan is that it enables us to clearly articulate – to governments, to partners and to other stakeholders – the kind of university we want to be, and how we are going to make it happen. Our Integrated Planning process has garnered us a great deal of attention from many other post-secondary institutions across Canada.

And, as one plan nears completion, another takes shape. The early years of the University's second century will see a second Integrated Plan emerge, new initiatives develop, and continued efforts made to fulfill our founders' vision. Each Integrated Plan serves as the figurative cornerstone of the next phase of this University's life, and each holds as much promise as the first cornerstone laid in the College Building almost a century ago.

"Let a university arise here which may be a worthy disciple of Oxford, Cambridge, and other universities which have done so much for mankind."

- Prime Minister Wilfrid Laurier, at the laying of the College Building cornerstone July 29, 1910.



International Vaccine Centre

The International Vaccine Centre (InterVac) is a $110.4-million project that will significantly enhance Canada's capacity to fight infectious disease in both animals and humans. This project represents the largest investment to date in vaccine research in Canada and it will greatly enhance the unique cluster of world-class science research centres at the U of S. InterVac, which will be the largest vaccine research centre in Canada and one of the largest in North America, will develop new vaccines and new methods of delivering vaccines against diseases that may include tuberculosis, hepatitis C, SARS, HIV and avian influenza.

Photo credit: Smith Carter/AODBT

Financial Highlights
2006/07

Revenue

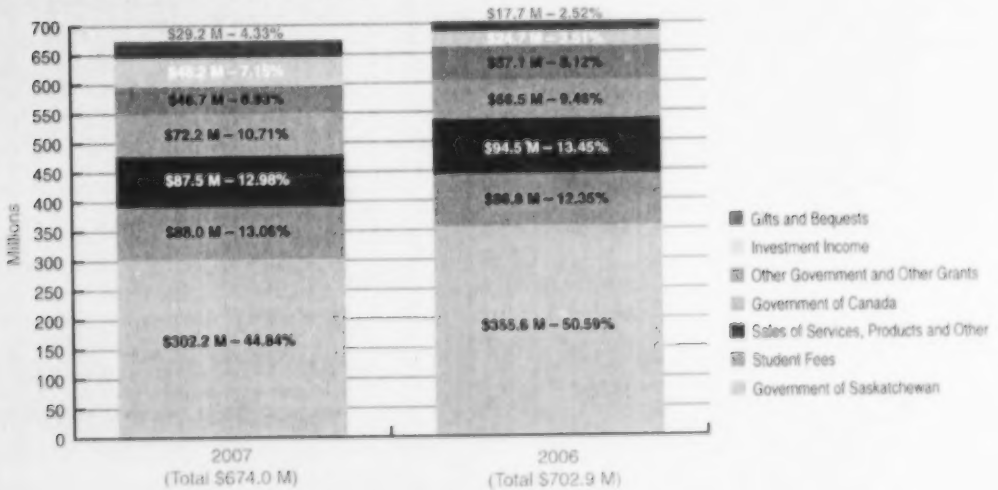
In the current year extensive research was undertaken to review the revenue recognition policies appropriate for the University of Saskatchewan. This research led to the conclusion that existing policies should be changed to better align with Generally Accepted Accounting Principles. In particular, grants are recorded as revenue of the appropriate restricted fund if the grant is approved within the University's fiscal year. Multi-year grants are recorded as revenue of the appropriate restricted fund if an agreement is signed during the year and if the grant is not subject to annual appropriation. Restricted grants, with no appropriate restricted fund, are recognized as revenue of the General Fund to the extent an offsetting deferral is not created. This change has resulted in restatement of the University's financial statements for 2005/06, with the result that revenue for that year has increased by $22 million from the amount previously reported and opening fund balance for 2005/06 has increased by $49.8 million from the amount previously reported.

The University of Saskatchewan Consolidated Financial Statements reflect revenue of $674.0 million, a decrease of $28.9 million over the previous year. This is a significant result given that revenue for 2005/06 included special capital grants of $117.5 million from the Province of Saskatchewan ($100 million for the Academic Health Science Centre and $17.5 million for the WCVM infrastructure project). In 2006/07, a number of revenue sources "filled in the gap" to maintain total University revenue at almost the same level as last year:

- Gifts, Grants and Bequests, up $11.5 million;
- Investment Income, up $23.5 million;
- Government of Canada revenue, up $5.7 million;
- Government of Saskatchewan revenue, up $64.1 million (after deducting non-recurring grant of $117.5 million from 2005/06 total).

With the exception of the revenue components highlighted above, and discussed in more detail below, other revenue sources are at about the same level as for the previous year (shown in descending order of magnitude).

Revenue (Consolidated) as at April 30



Gifts, Grants and Bequests – This source of revenue increased by $11.5 million, to $29.2 million, and comprises 4.3% of overall revenue. This total reflects continued success of our Thinking the World of our Future capital campaign. Significant donations over the year included $5.1 million from Adam Winisky to the College of Agriculture research fund, and major gifts from Ron and Jane Graham for communication studies in the College of Engineering ($3.0 million) and for Griffiths Stadium upgrades ($1.2 million).

Investment Income – Funding from this source almost doubled from the previous year, for total investment income of $48.2 million for 2006/07, or 7.1% of total revenue for 2006/07. The University's investments are valued at market, so fixed-income investments and equity investments are influenced by market trends. The University's long-term investments are held primarily in two pools (long term and fixed income) totaling $548.5 million at April 30, 2007. Professional investment managers manage the funds. (These pools do not include pension and disability plan investment funds of $867.5 million.) The fixed income pool had a net return on investment of 4.3% for the 2006/07 year compared to 1.0% in the previous year, while the long term pool returned 12.1% for the year compared to 8.4% in 2005/06.

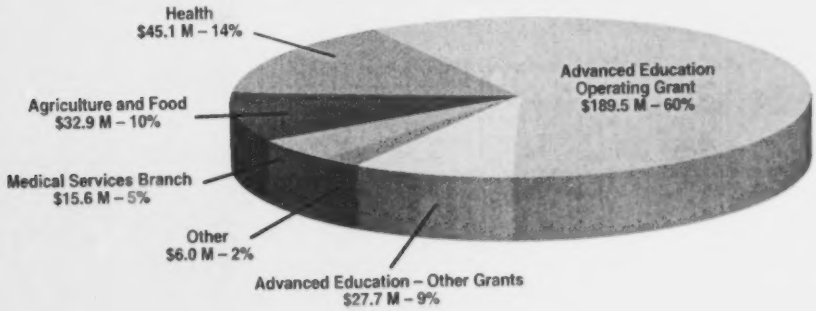
Government of Canada – This revenue source relates primarily to research funding which increased by $5.7 million in 2006/07 to $72.2 million, or 10.7% of total revenue for the year. The total includes $2.3 million more for NSERC, including an increase of $0.6 million relating to CLS.

Government of Saskatchewan – Revenue from the province (including $15.6 million for sales of physician services reimbursed by Medical Services Branch) accounts for $316.8 million, or 47% of total revenue. Traditionally, provincial funding has been at about 50% of the University's total revenue. The decline in proportionate share in 2006/07 is largely due to increases in funding from investments and Gifts and Bequests. Although capital funding from the province decreased from last year's level because of the extraordinary capital payment of $117.5 million during 2005/06, there were increases to other areas of provincial funding. That $64.1 million increase included:

- An Operating Grant increase of $16.3 million.
- A Sustaining Capital Grant of $12. 8 million received in March 2007 for 2007/08.
- An increase of $24.2 million from Saskatchewan Ag and Food to fund:
  - the Grain Innovation Lab ($5.0 million).
  - the Feed Technology Research Facility ($2.5 million) .
  - endowment funding of $9.9 million for three Research Chairs and top-up funding of $1.2 million for two existing Chairs.
  - expansion of the Western College of Veterinary Medicine to accommodate Prairie Diagnostic Services ($5.80 million).

Revenue from the Province is provided by almost every provincial department as illustrated by the following graph.

Revenue Received from the Government of Saskatchewan
For the Year Ended April 30, 2007
Total $316.8 M



Notes on the graph:
Operating Grant funding of $189.5 million from Advanced Education and Employment shows an increase of 9.4% over base funding of the previous year. The increase includes a 7.0% economic adjustment, part of which allowed the University to hold tuition to 2004/05 levels. The grant also provided funding for specific initiatives such as the accreditation requirements of the College of Medicine (an increase of $3.4 million).

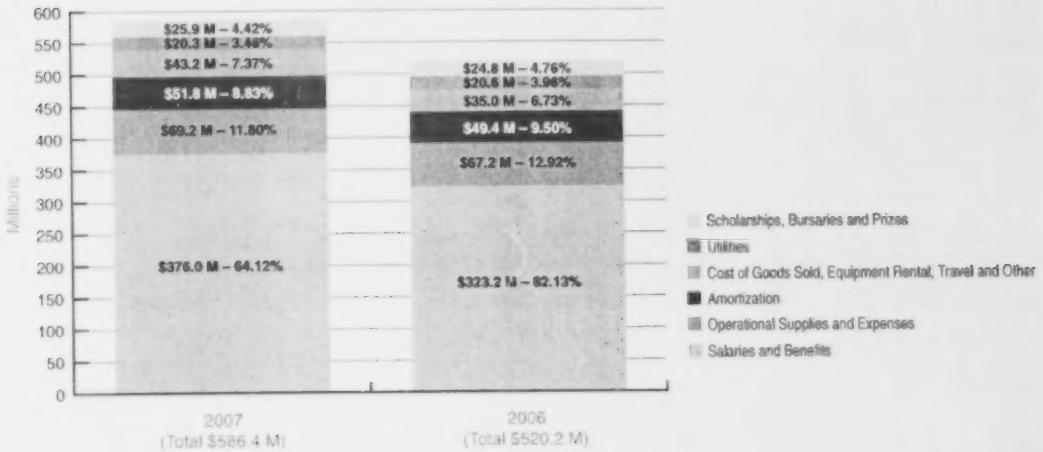
Advanced Education – Other Grants includes a sustaining capital grant of $12.8 million received in advance for 2007/08 expenditures, and a grant of $5.6 million for the InterVac project.

Expenses

Total expenses increased 12.7% or $66.1 million in 2006/07, to $586.4 million. This is due primarily to the change in our accrued post-retirement asset which decreased by $12.4 million, resulting in a corresponding increase in employee benefit costs. The accrued post-retirement asset can vary dramatically from year to year based on pension plan investment returns and changes in actuarial assumptions. To illustrate, during 2005/06, the accrued post-retirement asset was up by $24.3 million. If this change in pension assets is factored out of the total expense for both years, then total expenses for 2006/07 would be $574.0 million, compared to an adjusted total expense for 2005/06 of $544.6 million, an increase of 5.4% over the previous year. This increase reflects escalation in salary and supply costs, as well as growth, particularly in research activity.

Significant expense components (net of internal cost recoveries) with comparative amounts for the prior year are shown in the following chart.

Expenditures (Consolidated) as at April 30



Salaries at $323.2 million (included within Salaries and Benefits total of $376.0 million) continue to comprise the greatest proportion of total expenditures at about 55.1%. Salaries increased by $11.4 million, reflecting growth in the University's staff complement and increasing rates of pay. The PAIRS agreement with medical residents was concluded in March 2007, with required salary adjustments reflected in 2006/07. The financial statements reflect salary accruals in accordance with the following agreements which were concluded during the year [although actual salary adjustments were not paid as at April 30, 2007]:

- Faculty Association – July 1, 2005 – June 30, 2009, ratified in May 2007;
- CUPE 3287 (Sessional Lecturers) – Sept. 1, 2005 – Aug. 31, 2010, ratified in May 2007; and
- Administrative and Supervisory Personnel (ASPA) – May 1, 2005 – April 30, 2008, ratified in June 2007.

As at April 30, 2007, the CUPE 1975 collective agreement with support staff had expired (December 31, 2006) and provision for a salary increase is reflected in the financial statements.

Benefits (adjusted for post-retirement accrual) are about 12.4% of salary cost, up slightly from 2005/06. Together, salaries and benefits account for about 64.1% of total expenditures.

With the significant investment in capital assets of recent years, Amortization expenses increased by 5% in 2006/07 and are now 8.8% of total expenditure. Scholarships, bursaries and prizes expenditures have also increased, by $1.1 million, equaling 4.4% of total expenditures. This reflects continued investment in student support such as the additional $0.5 million approved in the Operating Budget.

Cost of Goods sold, equipment rental, travel and other of $43.2 million, or 7.4% of total expenditures, includes:

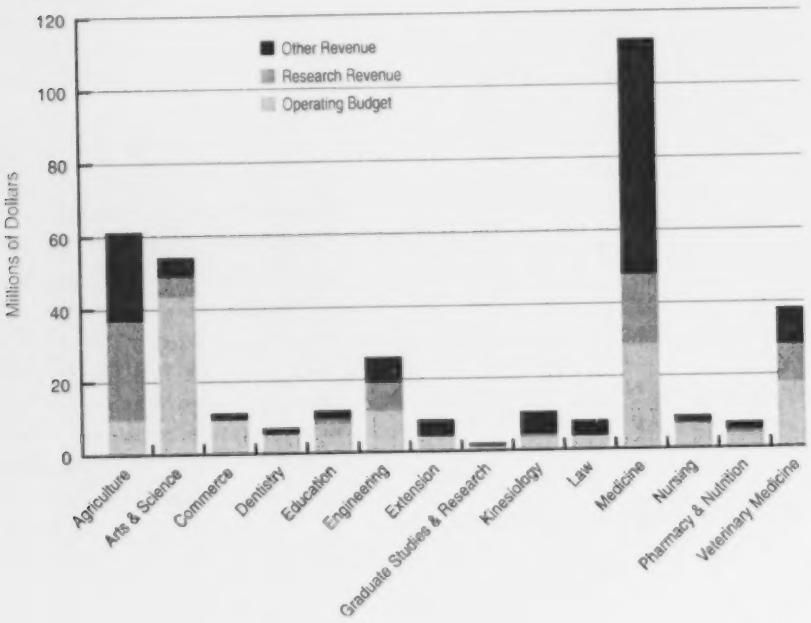
- Maintenance, renovations and rentals – $9.0 million;
- Travel – $14.3 million;
- Cost of Goods Sold – $17.5 million. This total reflects external campus sales only, with the bulk of expenditure occurring in the ancillary fund through the Bookstore and Food Services operations.

Operational Supplies and Expense of $69.2 million is 11.8% of total expenditures and includes materials and supplies, professional fees and externally contracted services.

Revenue Summarized by College

University programs and initiatives are often focused at the College level. Revenues by type (e.g. Operating, Research, Other) are shown in the following graph.

Source of Revenue for Colleges
For the Year Ended April 30, 2007
Total $367.8

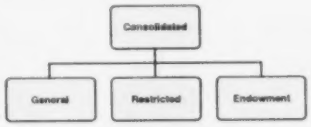


Of the total revenue reported for all Colleges, the College of Medicine accounts for $112.5 million for the year, or 31% of the total, followed by Agriculture at $61.3 million (17% of total), Arts and Science at $54.3 million (15% of total), and the WCVM with total revenue at $38.0 million (10% of total).

Fund Overview

The following chart provides an overview of the fund structure of the University, and revenues, expenses and fund balances by major fund category.

University of Saskatchewan
Consolidated Statement of Operations and Changes in Fund Balance ($M's)
For the 12 Months Ended April 30, 2007



	Revenue	Expenditure	Interfund Transfer	Net increase (decrease)	Fund Balance April 2006	Fund Balance April 2007
Fund						
General						
Operating	$ 432.0	$ 398.3	$ (31.2)	$ 2.5	$ 184.6	$ 187.1
Ancillary	37.2	31.0	(10.3)	(4.1)	2.5	(1.6)
Restricted						
Capital	23.5	55.7	58.8	26.6	762.5	789.1
Research	140.6	87.8	(29.4)	23.4	162.6	186.0
Student Financial Aid	6.8	13.6	10.6	3.8	21.4	25.2
Endowment	33.9	-	1.5	35.4	154.5	189.9
	$ 674.0	$ 586.4	$ (0.0)	$ 87.6	$ 1,288.1	$ 1,375.7

General Funds

Revenues and related expenses are accounted for in separate funds in order to recognize restrictions and objectives specified by donors, the Government of Saskatchewan, other external agencies, or the Board of Governors.

General Funds (those not subject to external restrictions) account for 70% of University revenue, including the Operating Fund at 64%, and the Ancillary Fund at 6%. Much of the activity that, prior to May 1, 2005, was captured in "Specific Purpose" funds is now included within Operating Fund activity.

Major revenues and expenses of the General Funds are provided at Schedule 1 of the Financial Statements.

Operating Funds

Operating Funds — Revenue

Revenue of $432.0 million in the Operating Fund includes the $189.5 million operating grant from the Department of Advanced Education and Employment, and clinical services revenue of $26.5 million from the Department of Health. Revenue from Other Governments includes funding from the other three western provinces as per the five-year interprovincial agreement for funding the Western College of Veterinary Medicine. Student revenue of $88.0 million reflects tuition rates held at 2004/05 levels for most programs. A new graduate tuition model introduced in 2005/06 is still "working through the system" and accounts for a modest decrease in graduate tuition revenue. The model, which is based on $1,000 per term, is designed to be cost neutral over the term of study, but reduces a student's cost for the early years of a program.

Operating Funds — Expense

Operating Fund expenses (including transfers) increased to $429.5 million. Included are those expenses required to keep pace with salary settlements and associated benefit costs, including the cost of the post-retirement benefit adjustment discussed in a foregoing section. Operating expenses also include expenditures for renewal initiatives in keeping with the institutional priorities.

Some of the renewal initiatives undertaken in 2006/07 include:

- Student support initiatives were increased by $.394 million.
- Library acquisitions budget was increased by 5%, or $0.375 million.
- In keeping with Department of Advanced Education and Employment's targeted approvals, an additional $3.435 million was allocated for Medicine accreditation support.
- Graduate scholarship allocation was increased by an additional $0.5 million for a total increase of $1 million over two years allocated from the Academic Priorities Fund (APF).
- The APF was increased by $0.5 million to bring the total annual allocation to $3.45 million. APF funds are used as a catalyst for University renewal, and are allocated to priorities identified in the Integrated Planning process.
- An additional $0.686 million was allocated to meet estimated costs of new building space, including the WCVM project.
- Of the approximate $5.6 million budgeted federal funding to support the indirect costs of research, $2.8 million was transferred to the Operating Fund in recognition of indirect costs of research paid from the Operating Fund.

This is the fourth and final year of the University's Integrated Planning cycle, and the 2006/07 Operating Budget called for a surplus of $2.382 million and a targeted Operating Reserve balance of $5.7 million.

Included in this surplus budget were permanent selective measures of $2.356 million, meaning that over a three-year period, measures to reduce the Operating Budget by $6.192 million were implemented and achieved.

Operating Funds — Balance

The Operating Fund balance at April 30, 2007 is $187.1 million, an increase of $2.5 million over the previous year. This total includes Operating Budget funds of $60.4 million (associated with activities for teaching, service and non-sponsored research funded primarily by provincial grants and tuition). It also includes the Operating Reserve and College/Administrative Unit funds discussed below, as well as: Externally Funded activities – $15.6 million (including activities such as the Clinical Services Fund); Future Employee Benefits – $47.5 million; Non-Credit Instruction and Events – $2.5 million; Fee-for-Service activities – $11.5 million; Special Projects – $48.5 million; and Subsidiaries activity – $1.1 million.

Operating Reserve

Within the Operating Budget funds, the Operating Reserve increased by $2.7 million to a year-end balance of $6.1 million, about 2.0% of approved Operating Budget expenditures and $0.3 million better than expected. This result is net of Board approved one-time expenditures which were possible through the use of one-time funds and funds available because of increased investment income.

College/Administrative Units

College/Administrative unit funds were up by $2.9 million in 2006/07, to $24.5 million. This includes only Operating Budget activity of Colleges/Administrative units, so there are minor differences from the results presented in Note 14 to the financial statements. In addition, Institutional Operating Funds have decreased by $4.9 million, to $14.7 million. Significant balances within these funds include: the Academic Priorities Fund ($5.9 million) and Benefit Plan funds ($3.4 million).

Ancillary Funds

The Ancillary Fund records all activity related to Consumer Services (e.g. Bookstore, residences, Food Services) as well as real estate development activity (e.g. Preston Crossing), and the sale of utilities to third parties. Overall, these ancillary activities showed a decrease in fund balance of $4.1 million for the year, due largely to a capital expenditure for a new chiller, with the cost to be funded over the next several years.

Restricted Funds

Restricted Funds carry restrictions on the use of resources for particular defined purposes. They account for 26% of total University revenue and are comprised of the Capital Fund at 4% of total revenue, Student Financial Aid Fund (1%), and Research Fund (21%). Major revenue and expense components of restricted funds are provided at Schedule 2 of the financial statements.

Capital Funds

Capital Fund revenue includes the $12.8 million capital grant from the province that was received in advance for 2007/08 capital purchases.

In addition to the capital grant, the Province also authorized the University to borrow $4.70 million for capital acquisitions. This borrowing provision, combined with the $9.74 million cash grant advance received in March 2005, amounts to a capital sustaining provision of $14.44 million. The University utilized external financing to take advantage of the borrowing provision. For 2007/08, the University has again been authorized to borrow $4.70 million for capital, and, in view of its urgent capital requirements, will do so, incurring debt without the Province's guarantee of funding for ongoing repayments of associated principal and interest. Since inception of the "borrowing room" arrangement, the Province has been providing an annual grant for related principal and interest expense. For 2006/07, the grant was $1.53 million.

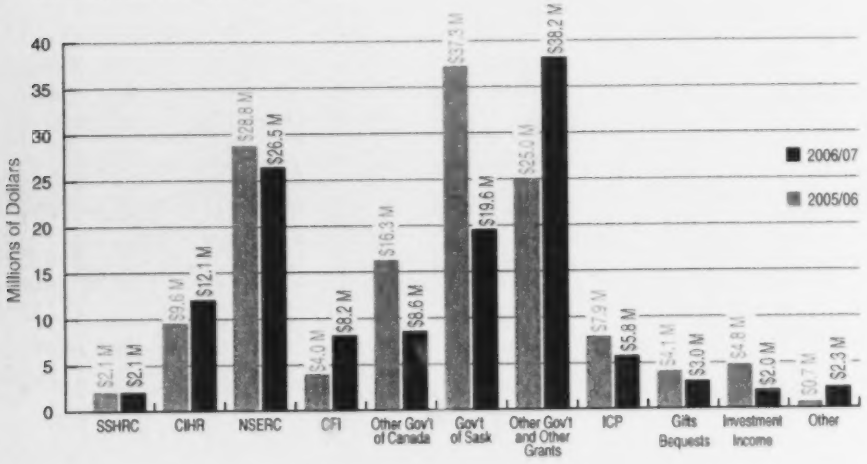
During the year, capital asset purchases of $124.4 million were made. Significant expenditures were made for the Academic Health Sciences project ($7.9 million), the WCVM project ($22.3 million), CLS project ($14.0 million), InterVac project ($7.7 million), Griffiths Stadium upgrade ($6.2 million) and the Law building expansion ($10.5 million). Total capital expenditures, related funding and net of amortization have contributed to a $26.6 million increase in the Capital Fund balance.

Research Funds

Research Fund revenue increased considerably in 2006/07, up $12.3 million to $140.6 million. The CLS project and operation continued to have a significant impact on total research revenue, including the Major Facilities Access Grant of $13.0 million. Government of Saskatchewan revenue has increased dramatically, by $17.7 million, to 27% of total research revenue. The change was caused by an increase in Saskatchewan Ag and Food funding. These factors account for a fund balance increase of $23.4 million for a year-end balance of $186.0 million. Government of Canada funding, which comprises about 48.9% of research revenue, has increased by $5.5 million to $68.7 million.

The following chart provides an overview of Research Revenue by source:

Research Revenue by Source For the Year Ended April 30
2007 $140.6M (2006 – $128.4)



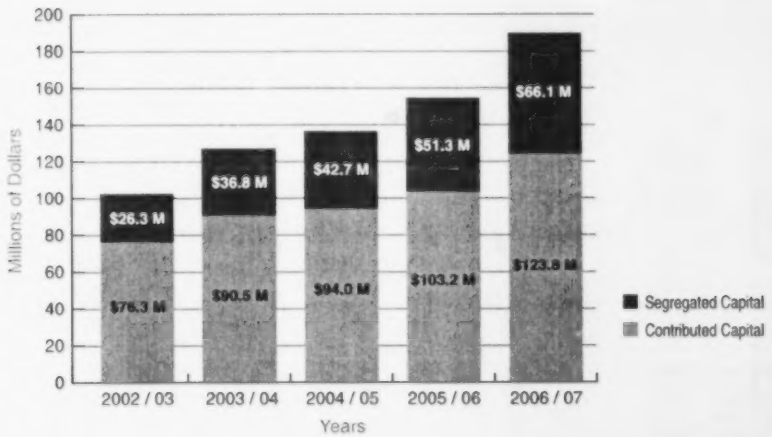
Student Financial Aid Funds

The Student Financial Aid Fund enables the University to capture fundraising and other revenue activities that support our scholarship and financial aid programs. For the current year, the total expenditures on student financial aid is $13.6 million, with about 67% of this amount funded from the Operating Budget. This level of aid represents almost 15% of total tuition fee revenue.

Endowment Funds

Endowment Funds increased by $35.4 million for the year, and included $11.2 million in new donations, $11.1 million in "Chair" funding from the Province of Saskatchewan, and $11.6 million in investment income returns on the fund balance. For the five-year period shown in the graph below, Endowment Funds have grown from $102.6 million in 2002/03 to $189.9 million at April 30, 2007, a reflection of growing contributions to the University and of investment earnings retained for preservation of the purchasing power of endowment funds.

Endowment Fund Balance
2002/03 – 2006/07



Of the $189.9 million Endowment Funds as at April 30, 2007, $49 million (25%) are targeted to the College of Agriculture, $32 million (12%) to the College of Arts and Science, $17 million (9%) to the College of Medicine, and the balance to other Colleges and allocations throughout the University.

Board of Governors

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Peter MacKinnon (President)
Tom Molloy (Chancellor)

Members Appointed by Government

Gail R. Appel
Art Dumont (Chair)
Nancy E. Hopkins (Vice-Chair)
Garry Standing

Members Elected by Senate

Judy Buzowetsky
Susan Milburn

Faculty Member

Linda McMullen

Student Member

Ryan Allan

Secretary to the Board

Lea Pennock (University Secretary)

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President

Peter MacKinnon

Provost & Vice-President (Academic)

Michael Atkinson

Vice-President (University Advancement)

Heather Magotiaux

Vice-President (Finance & Resources)

Richard Florizone

Vice-President (Research)

Steven Franklin

University Secretary

Lea Pennock

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Associate Vice-President (Information & Communications Technology)

Rick Bunt

Associate Vice-President (Financial Services and Controller)

Laura Kennedy

Associate Vice-President (Facilities Management)

Colin Tennent (Acting) (November 2006)

Associate Vice-President (Student and Enrolment Services)

David Hannah

Associate Vice-President (Research)

Karen Chad

Associate Vice-President (Human Resources)

Barbara Daigle

Deans of Colleges and Academic Units

Agriculture & Bioresources (July 2006) – Ernie Barber

Arts & Science – Jo-Anne Dillon

Commerce – Grant Isaac

Dentistry – Gerry Uswak (Acting)

Education – Cecilia Reynolds

Engineering – Robert Gander (Acting)

Extension Division – Walter Archer

Graduate Studies & Research – Tom Wishart

Kinesiology – Carol Rodgers

Law – W. Brent Cotter

Medicine – William Albritton

Nursing – Joan Sawatzky (Acting)

Pharmacy & Nutrition – Dennis Gorecki

Veterinary Medicine – Charles Rhodes

University Library – Vicki Williamson

University of Saskatchewan

STATEMENT OF REVENUE AND EXPENDITURE, YEAR ENDED JUNE 30th, 1917

EXPENDITURE	$ cts.
Administration	18,822 05
Instruction	70,014 42
Library	1,648 86
Laboratories	6,804 72
Buildings	17,443 79
Experimental Plots	2,744 43
Extension, Experiments and Lectures	1,076 00
Dominion Grant to Agriculture	2,068 13
Interest & Bank Exchange	26,279 86
Dominion Aid to Agriculture	9,811 42
Extension Work	647 26
Construction and Repairs	300 00
General Equipment	3,096 31
Farm Stocking Horse Barns	46,247 47
Advance to Bal. on Provincial Order	
Stock Acquisitions	
Capital Account	17,771 19
	237
Excess Revenue over Expenditure	$312,681 18

REVENUE	$ cts.
Balance from year 1915-16	62,020 00
Current Revenue (Estimate)	54,000 00
Provincial Grants	36,791 47
Extension	12,000 00
Agricultural Experiments	12,737 16
Succession Duties	
Corporation Taxation	
Corporations Revenue	47,500 00
Indebtedness (Interest)	1,163 00
Current Revenue (Interest)	1,500 00
Dominion Grant Aid to Agriculture	630 00
Fees	112 75
Experimental Plots	112 75
Rents	774 15
Interest	10,725 89
Miscellaneous Revenue	
Conversazione Hall - Balance	
College Farm - Balance	24,029 89
Capital Revenue (Estimate)	
Provincial Treasurer	$312,681 18

The Balance is due to Cash on Hand and in Bank General Account $64,427 11, Imprest account $31,136 82, Receipts for Capital Expenditure made previously $217,117 25

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